

## Message Text

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C O N F I D E N T I A L CARACAS 3588

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FOR ARA ROGERS AND S/P LORD FROM LUERS AND EINAUDI

EO 11652: GDS

TAGS: OVIP (KISSINGER, HENRY A.) VE

SUBJ: BILATERAL RELATIONS WITH VENEZUELA IN LIGHT OF SECRETARY'S  
VISIT

BEGIN SUMMARY. WIDE RANGING CONVERSATIONS WITH BOTH GOVERNMENT AND NON-GOVERNMENTAL LEADERS CONFIRM ROGERS' EARLIER IMPRESSION THAT SECRETARY'S VISIT WILL BE HIGHLY PROFITABLE. GOV PREPARED TO BE FLEXIBLE ON SPECIFICS OF VISIT, GIVING SUBSTANTIVE EXCHANGES WITH PRESIDENT AND KEY OFFICIALS PRIORITY OVER REPRESENTATIONAL FUNCTIONS. GENERAL ATMOSPHERE ONE OF SEEKING REASSURANCE THAT VENEZUELAN INTERNATIONAL ACTIVISM CAN BE RECONCILED WITH GOOD RELATIONS WITH THE UNITED STATES. END SUMMARY.

1. VISIT DETAILS. FOREIGN MINISTER ESCOVAR SUGGESTS THAT PROTOCOLARY ASPECTS SHOULD BE CONCLUDED IN FIRST FEW HOURS AFTER ARRIVAL SO THAT VISIT CAN BE DEVOTED PRIMARILY TO INFORMAL DISCUSSIONS WITH PRESIDENT AND FOREIGN MINISTER. REPEATING THAT THE PRESIDENT WILL EXPRESS SERIOUS CONCERNS OVER CURRENT US POLICY, ESCOVAR WAS OPTIMISTIC ABOUT POSITIVE IMPACT OF THE VISIT FOR BOTH COUNTRIES. THIS VIEW WAS STRONGLY SECONDED BY SECRETARY GENERAL OF THE PRESIDENCY SCHACHT AND VENEZUELAN LEADERS OF ALL COLORATIONS. AS HE TOLD THE SECRETARY EARLIER, ESCOVAR WANTS TO IDENTIFY THE ISSUES ON WHICH WE DISAGREE, BUT WAS RECEPTIVE TO PURSUING PARALLEL DISCUSSION OF COMMON INTERESTS AND BILATERAL COOPERATION. HE SAW NO NEED FOR A COMMUNIQUE FOR THE SAKE OF A  
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"COMMUNIQUE." ESCOVAR'S CHIEF OPERATIONAL CONCERN--AND THIS,

TOO, WAS FAIRLY RELAXED--WAS SECURITY.

2. POLITICAL ENVIRONMENT. THE SECRETARY'S VISIT COMES AT ONE OF MANY PSYCHOLOGICAL HIGHPOINTS IN VENEZUELAN POLITICS. CAP'S ENERGETIC LEADERSHIP STYLE PLACES CONSIDERABLE PRESSURE ON HIS GOVERNMENT TO PRODUCE TANGIBLE RESULTS. WHEN THESE ARE NOT ALWAYS IMMEDIATELY FORTHCOMING, IT ALSO INCREASES HIS POTENTIAL VULNERABILITY TO CRITICISM. THE INTRODUCTION OF THE OIL NATIONALIZATION BILL INTO CONGRESS HAS NOW INEVITABLY RAISED THE POLITICAL TEMPERATURE.

SIMULTANEOUSLY, CAP'S RECENT TRIPS TO ALGERIA AND MEXICO, ACCOMPANIED AS THEY WERE BY AN OUTPOURING OF UTOPIAN THIRD WORLD RHETORIC,, HAS PUBLICLY BROUGHT HOME THE TREND OF VENEZUELAN FOREIGN POLICY AWAY FROM CLOSE ASSOCIATION WITH THE UNITED STATES. THE PETROLEUM AND THIRD WORLD ISSUES ARE THUS INEXORABLY INCREASING CONCERN THAT THE UNITED STATES AND VENEZUELA WILL COME INTO CONFLICT. WHILE HEADY, THESE DEVELOPMENTS AS A WHOLE ALSO HIGHLIGHT THE PESSIMISM AND LACK OF CONFIDENCE ENDEMIC TO VENEZUELAN POLITICAL LIFE. THE SECRETARY'S VISIT THUS PROVIDES BOTH COUNTRIES AN IMPORTANT OPPORTUNITY TO CALM THESE WATERS BY DEMONSTRATING CONTINUING INTEREST IN GOOD US-VENEZUELAN RELATIONS.

3. TAKEN AT FACE VALUE, MUCH OF THE GOV'S CURRENT RHETORIC IMPLIES THAT VENEZUELA SEEKS SUCH A FUNDAMENTAL REORDERING OF INTERNATIONAL ECONOMIC RELATIONSHIPS THAT GOOD RELATIONS WITH THE UNITED STATES ARE CONTINGENT UPON US ACCEPTANCE OF SUCH MULTILATERAL MEASURES AS INDEXING AND CHANGED TERMS AND CONDITIONS OF TRADE AND TECHNOLOGY TRANSFER. INDEED, MINISTER OF FINANCE HURTADO SAID THAT CENTRAL ISSUE IS PRODUCER/CONSUMER CONFERENCE. IF THE UNITED STATES WAS NOT SUBSTANTIALLY MORE FORTHCOMING THAN IN THE PAST, SAID HURTADO, BILATERAL RELATIONS COULD BE SERIOUSLY AFFECTED. EVEN TAKING INTO ACCOUNT HURTADO'S CUSTOMARY ASPERITY, WE BELIEVE THAT DUBIOUS PROSPECTS OF MANY VENEZUELAN INITIATIVES, INCLUDING SELA, AND THE DIFFICULTY OF CLEARLY DEFINING THE OPERATIONAL MEANING OF A "NEW INTERNATIONAL ECONOMIC ORDER" DO MAKE CONFRONTATION, AS IN THE CONTINUING ANGER HERE OVER THE TRADE ACT, EASIER TO PREDICT THAN PROGRESS. TACTICALLY, AT LEAST, THE PARIS PREPARATORY CONFERENCE AND ITS AFTERMATH SEEM TO HAVE BECOME A TOUCHSTONE OF IMPENDING CONFRONTATION.

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4. VIEWED IN A LESS PASSIONATE CONTEXT, HOWEVER, WHAT OUR RELATIONS PRIMARILY NEED SEEMS TO BE IMPROVED COMMUNICATION AND MUTUAL CONFIDENCE. AND IN THIS REGARD, BILATERALISM CAN BE CRUCIAL. VENEZUELAN ARE FULLY AWARE OF THE IMPORTANCE OF THE UNITED STATES TO THEIR LONG-TERM PROSPERITY, AND THEY ARE BEGINNING TO APPRECIATE THE COMPLEX TIES OF ACTIVE INVOLVEMENT IN INTERNATIONAL POLITICS. PRACTICAL BILATERAL INITIATIVES IN SUCH FIELDS AS AGRICULTURE, FERTILIZER PRODUCT-

ION,  
PROFESSIONAL AND CULTURAL EXCHANGES, AND TECHNOLOGY WOULD HAVE A  
CRITICAL PSYCHOLOGICAL IMPACT. AND ESCOVAR AND OTHERS AGREE THAT  
THE ESTABLISHMENT OF CHANNELS OF COMMUNICATION WITH THE OBJECTIVE OF  
EXPLORING BILATERAL COLLABORATION--INCLUDING JOINT INITIATIVES IN THE  
HEMISPHERE--IS BOTH POSSIBLE AND IMPORTANT. WE BELIEVE PROGRESS  
ON THESE TOPICS IS A PREREQUISITE WHOSE FORM MUST BE URGENTLY WORKED  
OUT BEFORE WE CAN APPROACH POTENTIAL COOPERATION IN THE ENERGY FIELD,  
INCLUDING FUTURE EXPLOITATION OF THE TAR SANDS. OUR MAJOR IMMEDIATE  
OBJECTIVE MUST BE TO OFFSET THE TENSIONS INHERENT IN THE PETROLEUM  
QUESTION--THE CENTER OF ATTENTION HERE--BY HIGHLIGHTING THE GENERAL  
CONTENT OF OUR RELATIONSHIP BEFORE ADDRESSING ENERGY QUESTIONS  
DIRECTLY IN PUBLIC.

5. COMMENT. RELATIONS WITH THE US APPEAR TO MATTER MORE TO  
VENEZUELA--POLITICALLY AS WELL AS ECONOMICALLY--THAN TO ANY OF THE  
COUNTRIES VISITED LAST YEAR BY THE PLANNING TALKS GROUP, WITH  
THE POSSIBLE EXCEPTION OF CHILE. THE UNCERTAIN PROSPECTS OF CAP'S  
INTERNATIONAL ADVENTURISM PROBABLY REDUCE PRESSURES ON US TO  
ENDORSE IT AS SUCH, BUT INCREASE THE UTILITY OF AN ACTIVE PRESENCE  
WITH A GENERALLY CONSTRUCTIVE SPIRIT OF THE KIND IMPLICIT IN THE  
SECRETARY'S VISIT. THE OUTPOURING OF INTEREST IN OUR STAY HERE  
REFLECTS THE UNIVERSAL VENEZUELAN DESIRE THAT THE SECRETARY'S  
VISIT BE AS SUCCESSFUL AS POSSIBLE. FOR THE LONGER RUN, MUCH  
WILL DEPEND ON OUR CAPACITY TO IDENTIFY AREAS AND METHODS OF  
COLLABORATION TO BUILD UPON THE FAVORABLE ATMOSPHERE WE EXPECT TO  
RESULT FROM THE SECRETARY'S VISIT.

6. A FURTHER REFINEMENT SEEMS LIKELY AFTER BREAKFAST  
WITH CAP TOMORROW MORNING, BUT WE BELIEVE THE ESSENTIAL  
OUTLINES OF THE VISIT--AND THE NEED FOR FURTHER PREPARATIONS--  
ARE CLEAR.

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